

Preserving Culture Brick by Brick

By Rahul Lakhote MBA MASC

For centuries, architects and builders have counted bricks among their list of dependable building materials. Cheap, durable, aesthetically pleasing, and often locally sourced, the advantages of brick construction are well-known. However, technological evolution and the challenges of the current economy have meant that brick manufacturers are among those struggling to stay afloat. What follows is the tale of a unique British Columbia brick plant and its century-long quest for cultural and economic survival.

Back in 1910, 20 acres of Sumas Reserve land was expropriated for the building of the B.C. Electric Railway track between Chilliwack and New Westminster. At about that time, an early entrepreneur by the name of Charles Maclure developed a relationship with the local natives living on the edge of the Sumas Prairie. That was how he came to learn about a deposit of high-temperature clay that was richer in quality than what he could find anywhere in England. Maclure decided this site at the base of Sumas Mountain was well-suited for a clay brick factory.

Fast-forward seven decades. After years of flux and ownership changes, the Sumas Band was able to re-acquire its previous land, along with the brick plant complete with original kilns. It then set out to re-launch the plant, and re-establish a market for hand-crafted bricks.

The brick plant, situated in the middle of the Sumas Reserve, is important to Sumas First Nations in several ways. First and foremost, it is a visible reminder of the historical injustice experienced by Sumas Band members. From that unfortunate beginning, however, Sumas members have been able to build something positive.

Since taking ownership of the brick plant in 1981, Sumas First Nations members have kept operations alive. The plant, which houses the only operational bee-hive kilns in the country,

has served as a training ground for current leaders in the age-old practice of brick-making. Working with Gunina Partners Inc. and Xey: teleg Enterprises, the plant's current leadership team strives to build its clay operations into an innovative social enterprise with a niche market in the design and construction sector.

Increasingly, the signature hand-crafted bricks are finding a place in the modern design aesthetic. Se:math bricks have made their way into school and university projects as well as commercial and residential developments. Some of the projects featuring Se:math bricks include the Boeing factory in Seattle and, closer to home, the Harrison Hotel Resort at Harrison Hot Springs and Fantasy Garden World in Richmond, B.C. Se:math bricks were also used for the Victoria Post Office expansion, a unique project in which the original bricks from the 1800s were successfully matched. Se:math bricks and other clay products have also been selected for recent projects in the United States and Japan.

"In terms of a competitive advantage," explains Se:math Board Chairman Brad Boyes AFSR, "one of the things we offer is a hand-crafted product that is not merely a building product, but also a creative tool." Individual bricks can be customized – a definite selling point for design professionals. Whereas successful brick production is usually about volume with little room for customization, Se:math products allow architects to select brick and clay products with a variety of custom colors and textures.

The artistic possibilities have carried over to Se:math's recently-introduced brick murals and totem pole lines. These products combine the history of brick-making with First Nation art. The murals can easily be incorporated as an architectural feature or unique corporate branding centerpiece.

Those involved in heritage restoration and preservation are also benefiting from the rejuvenated brick business. Thanks to the unusually high prevalence of mineral-diverse clays in the Sumas area, the Se:math production facility is able to provide brick-matching services, replicating colours, types and textures of pre-existing bricks.

On the sustainability front, architects and builders will be pleased to note that Se:math clay products boast an ultra-low water absorption rate with zero efflorescences and no spalling.

In addition to producing quality products, Se:math has a special focus on supporting



Photo courtesy of Se:math Industries.

social programs – especially those related to First Nation youths. One striking example involved local soccer coach Rod Tommy, who approached Se:math in fall 2009. At the time, the Sumas First Nation's youth soccer team didn't have funds for league membership or team jerseys.

Se:math came forward and supported the youth soccer team – now called the Se:math Warriors. Says Tommy, "The company not only provided the much-needed opportunity for the youth to play soccer but it also brought the community together and provided our youth with a sense of purpose."

Se:math, in return, found valuable employees who then joined the brick plant team to help rebuild the company. Se:math Chief Operating Officer Ray Silver says, "This is the best opportunity for the company to give back and support the youth. Community-owned enterprises support future generations of the community; this is how it should be." In the future, Se:math will continue to incorporate training programs for First Nation students and youths. The idea is to provide real world experience right at a time.

More than just a supplier to those working in the design and construction sector, Se:math Industries is strengthening culture and building community, from the ground up, one brick at a time.

Goals of Se:math Industries

- To be a profitable, professionally managed and innovative clay products company;
- To create quality long-term jobs;
- To provide on-the-job-training to the youths of Sumas First Nation;
- To develop a sense of pride among Sumas First Nation members; and
- To initiate and support social programs for the betterment of Sumas First Nation members

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Architecture and the HST

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It was about 30 years ago that I clearly recall sitting in a grey and drafty lecture hall, listening to a most outspoken, conservative Economics professor rant about the evils of taxes. At some point in almost every lecture, he would exclaim, "Just remember, there's no such thing as a free lunch".

There are many who feel strongly that "no tax is a good tax." Others take the counter position that taxes are necessary to support the public services that benefit us all. Regardless of where you stand, there is another axiom that holds true: taxes are inevitable.

Here in British Columbia, the latest form of that inevitability is the Harmonized Sales Tax. Since July 23 of 2009, when the provincial government announced its plans to implement an HST, debate as to its merits and/or perils has raged.

Rather than enter the debate, on one side or the other, I'd like to take the opportunity to share with you some HST-related information gathered from government and industry sources, as well as some implications and preliminary advice, compiled by the AIBC. While it is all subject to whatever specific legislation and regulations become enacted (dated for July 1, 2010) and how they are interpreted, it does provide some indication of what to expect.

The idea of the HST is to combine the provincial and federal sales taxes on products and services. The current provincial sales tax rate (Social Services Tax, PST) is 7%. When "harmonized" with the federal Goods and Services Tax rate (GST), the result will be a single, federal HST at a rate of 12%.

The implementation of the value-added HST promises, in the long run, to be good for the economy because it removes the consumer tax (PST) currently charged on inputs that go into producing or selling products and services. While there will be a slight increase in overall cost to consumers at the onset, it is anticipated that by reducing administrative costs to businesses currently charging PST, eliminating the provincial bureaucracy responsible for collecting the PST, and eliminating taxes currently hidden within the sales prices of goods and services, the consumer will eventually emerge a winner.

As an end-user tax, PST is applied at every step of creating a product or service. For an architectural firm under the current tax scheme, PST would normally be paid and subsequently expensed on such purchases as office equipment, computers, software, furniture and utilities. As is the case in other businesses, these costs are either passed on to clients/customers or absorbed

by the firm itself. Under the new HST rules, however, firms will be able to recoup such costs through input tax credits.

Under the proposed HST plan, businesses currently earning more than \$30,000 in HST taxable income annually must register with the Canada Revenue Agency. Others (e.g. very small architectural firms or trade contractors) may also elect to register, and may well be advised to do so in order to take advantage of the tax saving that registering and claiming input credits will afford. Any architectural firm that registers will be required to bill all its clients, on every invoice, the full HST applied to both professional fees and reimbursable expenses.

It is also suggested that the new HST will provide stimulus to the B.C. housing industry. It is estimated that for new homes in B.C., which are currently subject to GST, approximately 2% in tax is embedded in the final purchase price (excluding land, of course) as a result of the PST paid on most construction materials. Under the proposed HST, new homes will be subject to HST but the currently embedded PST will be eliminated because builders will be able to fully recover the tax paid on materials through HST input tax credits. As well, the current compounding effect of applying GST against PST-included cost of construction will be eliminated.

It is also noteworthy that removal of the PST will inherently reduce the amount of the "contract price" as defined under industry-standard (CCDC) construction contracts and, correspondingly, under the AIBC's client/architect contracts' complementary definition of "Construction Cost" for purposes of calculating percentage-based architectural fees. Accordingly, the institute is exploring the necessary revisions (increases) to its Tariff of Fees for Architectural Services.

New housing rebates under HST rules will be subject to the same eligibility conditions as are current new housing rebates under GST. The maximum rebate amounts to purchasers, however, will be enhanced to address the particular circumstances of the housing industry in British Columbia. The provincial government has indicated that it will increase the home price threshold for the HST new housing rebate from \$400,000 to \$525,000 to ensure that an average purchaser of a new home valued up to \$525,000 will not pay more tax due to harmonization than is currently embedded as PST. The new housing rebate will be 71.43% of the provincial component of the HST paid for qualifying housing, up to a maximum amount of \$26,250. There would be no phase out of this rebate, such that homes priced above \$525,000 would also qualify for the maximum rebate amount of \$26,250.